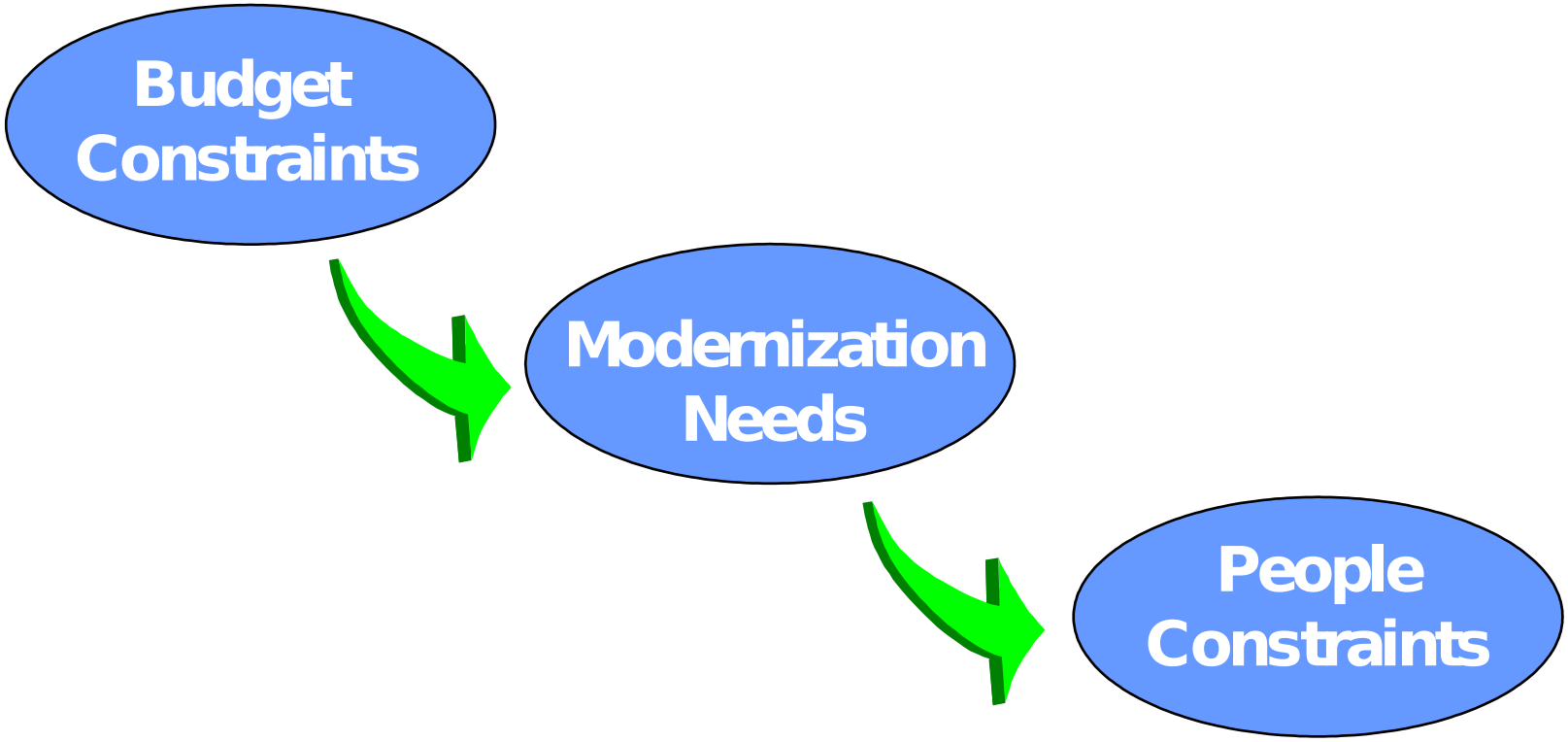
AIR FORCE Acquisition Reform

Institutionalizing and Accelerating Change for the New Millennium

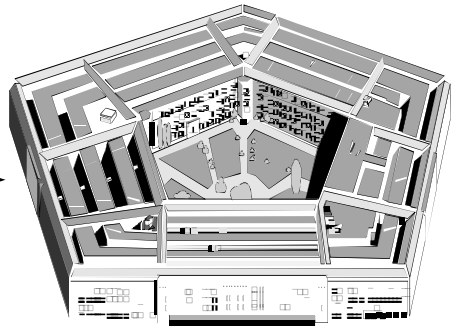
BGen Frank Anderson
Deputy Assistant Secretary
(Contracting)

Today's Reality



Tough Budget Environment

Activist Environment



Government Performance and Results Act

National Performance Review

Secretary Cohen's Defense Reform Initiative

Information Technology Management Reform Act

We Have to be Proactive

Air Force Acquisition Vision 2

- Agile combat support... agile acquisition workforce... short cycle times
- Blended defense/commercial industrial base
- “Best practices” ingrained in acquisition culture
- Commercial based acquisition services and products
- Seamless, interactive, electronic business practices

Acquisition Warriors Continuously Improving Our Service to the Warfighter

Background

- Made great strides to become better, faster and cheaper but there is still more we can do.
- Built a solid foundation with the Lightning Bolts
- Need to continue building upon your past successes
- You've already achieved over $20B in savings and avoidance

"Miles to go before I sleep."

Robert Frost

Acquisition & Sustainment Reinven
Process

Leadership Listens

Ideas from Workforce & Industry

Identify

Diagnose & Bound

Redesign Process

Reinvention Team

Study & Develop

Build Change

Continuous Communication & Feedback

Test

Test & Validate

AIR FORCE

BETTER

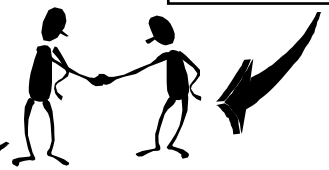
FASTER

CHEAPER

Deploy

Innovation for the Warfighter

Educate & Implement

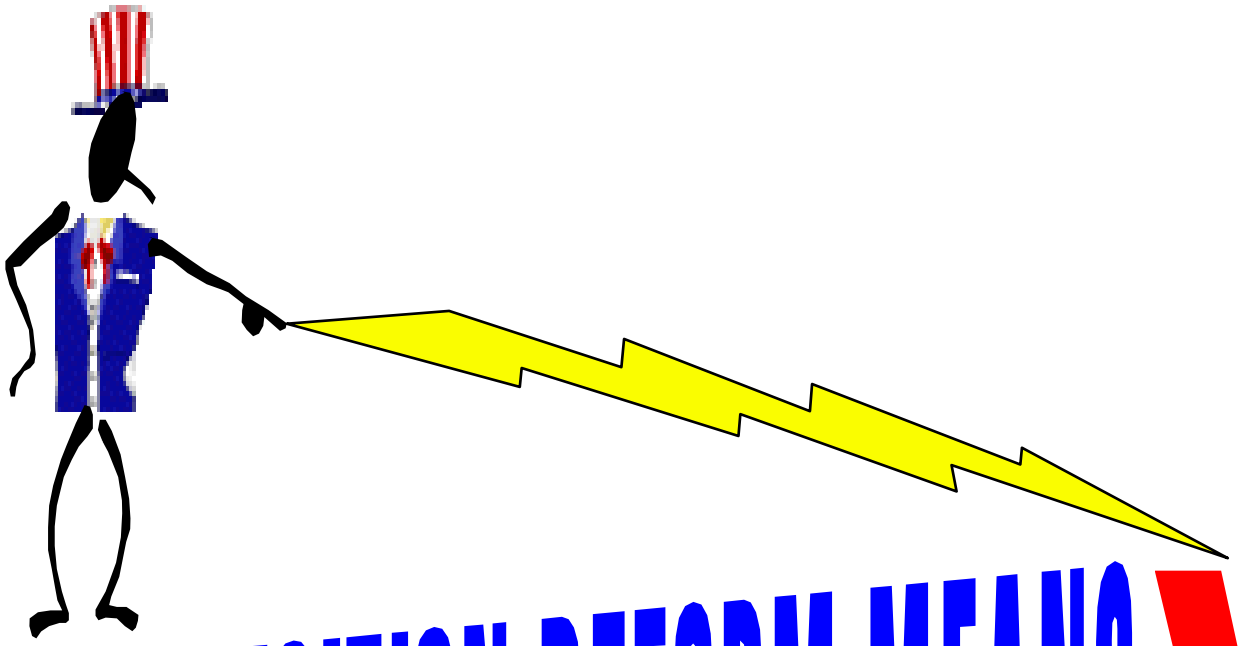


Leadership Approval

New AF Acquisition Reform Structure

- Establishing two key components to Accelerate and Institutionalize Acq Reform
  - #1 Air Force Acquisition Reform Council
    - Senior AF acquisition leaders and Industry Association representatives
    - Multidiscipline
    - Provide top cover
  - #2 Acquisition Reform Champions
    - Senior level process advocate at each Center
    - Clear line of communication to Center Commander

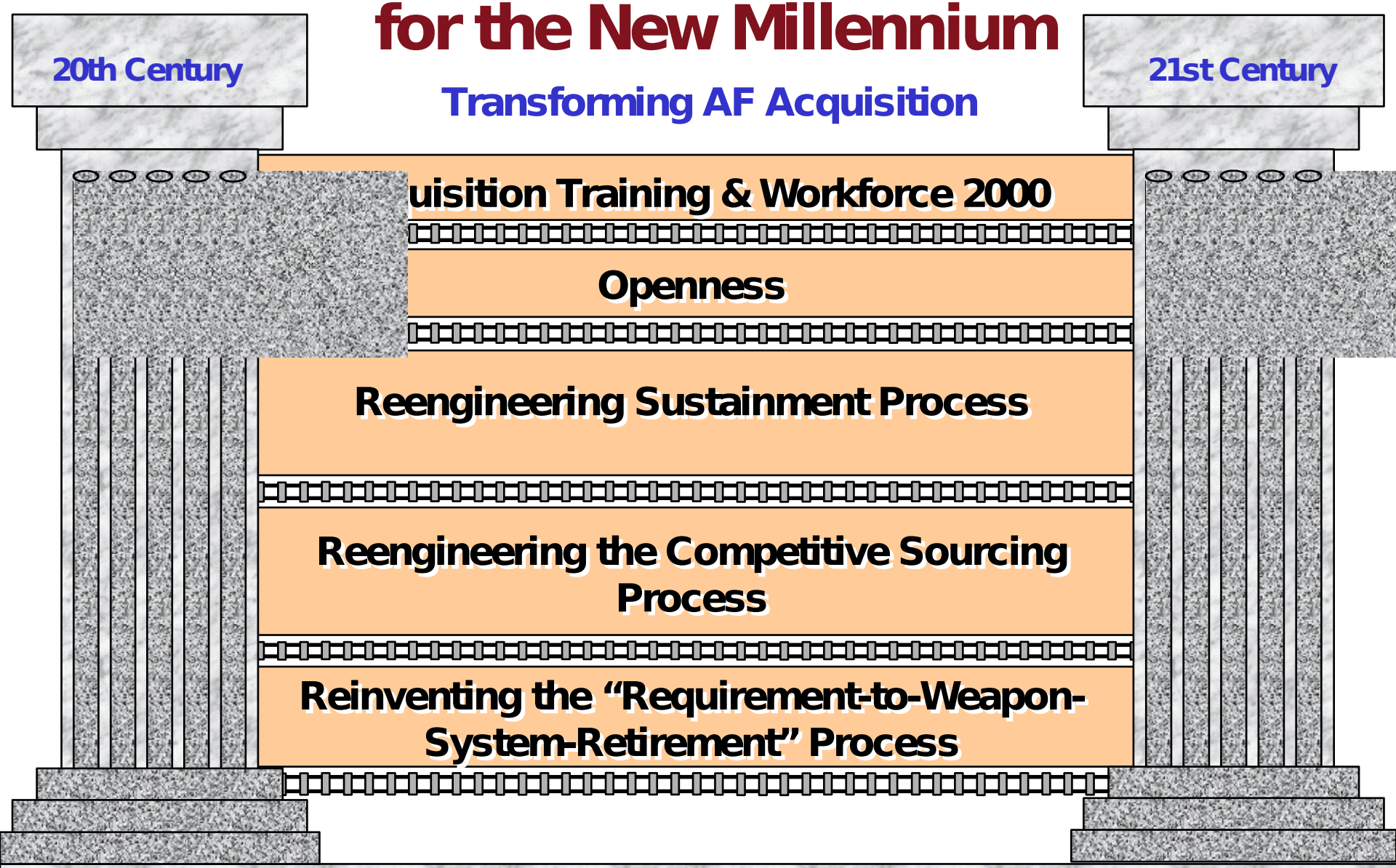
ACQUISITION REFORM MEANS YOU



ACQUISITION REFORM MEANS YOU

Institutionalizing and Accelerating Change for the New Millennium

Transforming AF Acquisition



SMART PARTNERING

Rollout Categories

	Installations	Systems	Sustainment
Ready to Deploy			
Ready to Test			
Ready to Study & Develop			

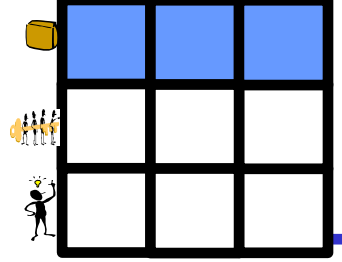
Reengineering the Source Selection Process

- **You Told Us:** AF source selection policy and procedures
  - Are too complex; take too long; use too many people
  - Appear arbitrary and unclear to industry
- **What we will Test:**
  - Revised procedures - simpler, streamlined, and fewer people
  - Test
    - 15 acquisitions currently participating in test
  - Conduct training
  - Target deployment Jan 99

Alternate Dispute Resolution (ADR)

- **<u>You Told Us</u>:** Significant disputes that cannot be resolved through negotiation often lead to a formal claim (ASBCA) or litigation (federal court) that is very expensive and time-consuming.

- **<u>What we will Deploy</u>:**
  - AF policy to make ADR the principle method of settling significant, unresolved disputes with Air Force contractors.



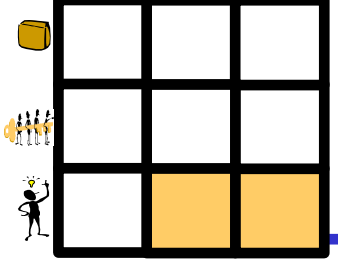
Increased Openness

- **You Told Us**: Open communications with industry results in better understanding of requirements and capabilities, builds cooperation and trust, streamlines the source selection and contract award processes, and results in enhanced contract performance.
- **What we will Deploy: AF policy that:**
  - Mandates release of standards used by AF in competitive acquisitions
  - Requires contractor participation in Award Fee decision process
  - Requires teaming of Air Force and contractor in sole source contract development and award
  - Requires interim past performance feedback to prevent surprises and improve performance
  - Mandates extensive post-award debriefing (sharing all information except that which reveals protected information about other offerors)
  - Mandates for all ACAT programs and encourages for all others that each offeror be provided rating status prior to request for final proposal revision

Reengineering Sustainment Process

- **You Told Us:**
  - Opportunity exists for electronic ordering by Item Manager directly from IDIQ contracts for spares, repairs, and services

- **Areas of Investigation:**
  - Approaches for centralized contract award and contract management
  - Item managers ordering/paying/tracking using electronic malls



Spiral Development*

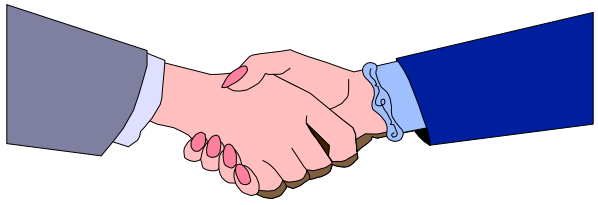
- **<u>You Told Us</u>:** There is no mechanism for formally specifying requirements in increments that match available technology and funding and allow delivery of systems to the field in an evolutionary fashion.
- **<u>Areas of Investigation</u>:**
  - Changes to the requirements process allowing for incremental deliveries of current technology to the warfighter
  - New acquisition processes that will accommodate spiral development for ACAT 1C programs and below
  - Feasibility and acceptability of spiral development to all stakeholders, including the warfighter

*Spiral Development: planned incremental delivery of capabilities.

Key to State of the Art Technology

Our Commitments to You

- Top cover by Air Force Leadership
- Remove barriers to allow you to do your job
- Help broaden your career skills
- Support for innovation and risk taking
- Greater sense of ownership and belonging



Institutionalizing and Accelerating Change for the New Millennium

The *Acquisition Reform Challenge Train* is accelerating

"EVERYONE" must be on board!

Acquisition Reform Means YOU

"The problems of the world cannot possibly be solved by skeptics or cynics whose horizons are limited by the obvious realities. We need "people" who can dream of things that never were."

John F. Kennedy

Additional Initiatives

Construction Solicitations Over the Internet

- **You Told Us:** Printing and handling for construction drawings, specifications and solicitation sets are very time consuming, paper intensive, and costly. Technology exists to use the internet to post solicitations sets and allow interested construction firms to download them at minimal cost.
- **What we will Deploy:**
  - Joint CE and AQC memo with implementing guidance to base construction and contracting activities
  - Use information technology to post entire construction solicitation including drawings on the internet
  - Stop issuing paper sets or making them available in FY99 (stateside)

Contract Simplification and Closeout

- **You Told Us:** Many contracts are overly complex, or continue in force for too long if work is added. Contract administration, payment and final close-out become complicated. Higher overall costs result.
- **What we will Deploy :**
  - AF policy to simplify the contract structure
    - Use fewer line items, fewer fund citations
    - Reduce contract duration: issue follow-on work or options as new contract instrument, not mod
    - Simplify/streamline contract close-out process

Electronic Source Selection

- **You told Us:** Opportunity exists to create a consistent electronic approach for solicitation and proposal receipt and analysis processes
- **What we will Deploy**:
  - **AF policy that :**
  - Industry will have electronic access to all competitive solicitations.
  - For acquisitions below $25,000 an open market solicitation will be issued (posted and accessible via a Business Opportunity Web-site) only after simple acquisition procedures are explored and deemed inappropriate
  - Electronic proposal submission is required
  - Establishes a common set of procedures

Contract Award Cycle Time for Acquisition and Sustainment

- **You Told Us:** Cycle time to get contracts awarded for both acquisition and sustainment programs is too long.

- **Areas of Test:**
  - Lightning Bolt #10* best practices for getting from requirements definition to contract award
  - Metrics for tracking and reporting improvements in cycle time
  - Incentives to encourage usage of best practices
  - Increased asset visibility/availability and demand based acquisition of initial spares

* Lightning Bolt #10, "Reducing Acquisition Cycle Time" collected "best practices" for getting competitive and sole source efforts on contract.

Program Element (PE) Consolidation

- **You Told Us:** The Air Force has a large number of Program Elements, limiting the flexibility within the service to move funds in response to budget cuts or other fiscal pressures.

- **Areas of Investigation:**
  - Advantages and disadvantages of reducing the number of PE's for the acquisition and sustainment communities
  - Effect of fewer PE's on AF ability to manage portfolios

Commercial Services (AFSCAG II)

- **You Told Us:**
  - AFM 64-108 "Service contracts" requires work statement contents & quality assurance policies that are not common practices used in the commercial marketplace
    - Restricts AF-wide implementation of the Acquisition Reform preference to buy commercial services
  - Functional areas write procedure-laden work requirements rather than results-oriented commercial standards
- **Areas of Test:**
  - Revolutionary new policies to replace AFM 64-108
  - A process to convert traditional performance work statements to results oriented, commercial work requirements: Air Force Services Contract Advisory Group (AFSCAG)
- **What we will Deploy:**
  - "Commercial first" as the rule.

A-76 Process

- **<u>You told Us</u>:** The A-76 process typically identifies single entities for study and does not promote efficiencies gained through strategic packaging of related work functions or through developing centers of expertise for centralized/regionalized/ multi-base cost comparisons.
- **<u>What we will Investigate</u>:**
  - Consider smart packaging of functions for A-76 cost comparisons
  - Study commercial practices, risks associated with larger contracts, contract management, organizational structures, prospects of commander acceptance, and use of incentives
  - Streamline the process and ensure fairness in cost comparisons

CAIV/Sustainment Empha in Requirements Proces

- **You Told Us:**

  Air Force requirements generation process (MNS/ORD) focuses on performance rather than best value based o total life cycle costs and CAIV philosophy

- **Areas of Investigation:**
  - Requirements process policy changes to address:
    - Inclusion of Sustainment parameters
    - Development of “trade space” to perform CAIV analyse
  - Augmented training and tools for requirements writers
  - Added insight into the requirements validation and approval process

Air Force and OSD Leadership Working Togethe

Total Ownership Cost (TOC)*

- **You Told Us:** Weapon system total ownership costs are too high, reducing the funds available for modernization.

- **Areas of Investigation:**
  - Review cost reduction options using TOC Model to determine which one(s) are viable
  - Assess impact of cost reduction options on warfighter performance metrics
  - Survey and select tools and advice for reducing TOC
  - Use pilot programs to prove out approaches

*TOC for a weapon system includes Research & Development (R&D), Production, Operations & Sustainment (O&S) and Disposal Costs

DoD Acquisition Civilian Workforce Demonstration Project

You Told Us: Personnel management policies and procedures

- Rules are too complex, take too long, and are not flexible
- Need to tie employee compensation to contribution to mission
- Expand employee development initiatives
- Use acquisition reform techniques

What we will test and deploy:

- Enhance the quality of the acquisition workforce through improvements of the personnel management system
- Revise personnel management procedures -- expand, increase flexibility, streamline, simplify, improve
- Provide realignment initiative in a downsizing environment
- Provide employee opportunity to excel
  - Test at AFMC locations and SAF/AQ organization
  - Provide training to managers and employees on demo initiatives
  - Target implementation Jan/Feb 99

Regionalization/Multi-base Contracting

- **You Told Us:**
  - Installations typically solicit and award contracts for only their own requirements
  - Many requirements are similar from base to base
  - MAJ COMs have different capabilities to consolidate requirements for central buys
- **Areas of Investigation:**
  - Approaches for centralized contract award and contract management
  - Ensure small and small disadvantaged business participation
  - Local commander benefits

Training

- **You Told Us:**
  - Training process doesn't keep up with the pace, volume of change and availability limited

- **Areas of investigation:**
  - Methods for providing targeted and timely training with the introduction of major policy and process changes
    - Training infrastructure improvements
    - Alternate methods (e.g.. distance learning, local subject matter experts, etc..)
  - Metrics for tracking how often appropriate training is introduced with major process or policy changes

Acquisition Reform Initiatives

	INSTALLATIONS	SYSTEM	SUSTAINMENT
DEPLOY	**Construction solicitations over the Internet** **Alternate Dispute Resolution** **Electronic Source Selection** **Increased Openness**	**Alternate Dispute Resolution** **Contract simplification and close-out** **Electronic Source Selection** **Increased Openness**	**Alternate Dispute Resolution** **Contract simplification and close-out** **Electronic Source Selection** **Increased Openness**
TEST	**Commercial services (AFSCAG II)** **Reengineering the Source Selection process** Purchase card convenience checks Paperless contracting	**Contract Award Cycle Time for Acquisition & Sustainment** **Reengineering the Source Selection process** Paperless contracting O&S cost estimate improvement	**Contract Award Cycle Time for Acquisition & Sustainment** **Reengineering the Source Selection process** Paperless contracting O&S cost estimate improvement
STUDY&DVELOP	**Regionalization/Multi-Base Contracting** **A-76 process** **Training**	**Program Element Consolidation** **CAIV/Sustainment Emphasis in Requirements Process (MNS/ORD)** **Spiral Development** **Training** **Total Ownership Cost** Purchase card convenience checks Commercial services Reduce product distinction Schedule as Independent Variable Transition Battle Lab Initiatives Reengineer "A" reporting requirements	**Program Element Consolidation** **Spiral Development** **Reengineering Sustainment Process** **Training** **Total Ownership Cost** Sustainment Cost Visibility Purchase card convenience checks Commercial services Standardization of Resource/Cost Codes Reduce product distinction Reengineer "A" reporting requirements Reengineer R&M implementation process

Note: Initiatives in bold will be unveiled during Acquisition Reform Week 1998

"The ultimate measure of a "person" is not where "they" stand in moments of comfort and convenience, but where "they" stand at times of challenge and controversy."

Martin Luther King

What You Told Us You Wanted

- A valid stake in the process.
- The necessary guidance and training to execute change.
- Understand the expectations.
- Change efforts require better integration.
- Know that someone is listening to your recommendations.

We Heard You

- You are the key to identifying opportunities and building the solutions to become better, faster, and cheaper. Institutionalizing Acquisition Reform is everyone's job!
- Robust training program needs to be central to developing our workforce
- We need to emphasize communication and build a network that must reach everyone
- We need to integrate ongoing activities under one umbrella

WE LISTENED AND...

"The reality is that for many it's always easier to avoid change than to create change."

Vice President Al Gore